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Joan Marsh
Director
AT&T Federal Government Affairs

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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Suite 1000
1120 20th St. NW
Washington, DC 20036
202 457-3120
FAX 202 457-3110

November 4, 1999

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 Twelfth Street, SW, Room TWB-204
Washington, D.C. 20554

RE: Notice of Oral Ex Parte
In the Matter of Applications for Transfer of Control to AT&T Corp. ("AT&T") of
Licenses and Authorizations Held by MediaOne Group, Inc. ("Media One")
CS Docket No. 99-251

Dear Ms. Roman Salas:

Attached please find a copy of an article that appeared in *The Denver Post* on October 23, 1999, discussing AT&T's HFC pilot in Aurora, Colorado. Please include this submission in the record of the above reference proceeding.

Two copies of this Notice are being submitted to the Secretary of the FCC in accordance with Section 1.1206 of the Commission's rules.

Sincerely,

A handwritten signature in black ink, appearing to be "Joan Marsh".

Joan Marsh

cc: To-Quyen Truong
Sunil Daluvoy

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Telephone-Rate War Breaks Out in Colorado

By Stephen Keating, The Denver Post

Knight Ridder/Tribune Business News

Oct. 23--Let the battle begin to lower local phone bills.

Four years after a state law mandated competition in Colorado, AT&T on Friday said it will begin providing local phone service over cable lines in parts of Aurora beginning Nov. 1, with packaged prices lower than US West's.

"We will contact residents where the service is available and escalate the rollout based on the results," said Matt Fleury, a spokesman for AT&T Broadband and Internet Services.

The communities of Arvada, Lakewood, Golden and Wheat Ridge could experience a similar market test and slow rollout by year's end, AT&T officials said. The Denver cable system, which requires an upgrade, is unlikely to be ready for several years.

Local phone service in Aurora from AT&T will be priced at \$14.50 a month, compared to \$14.91 a month from U S West. The sweeter part of the deal is the pricing of additional lines, which many homes demand for fax machines, computers and chatty teens.

Compared to U S West's flat rate of \$14.91 for an extra residential line, AT&T will offer up to three extra lines for \$9 apiece. In addition, AT&T will provide up to three hours of "free" long distance as part of a package deal, priced at \$38.75 per month, that includes a basic phone line, call waiting, caller ID and three-party calling.

"This is the first facilities-based residential competition in Colorado," said Terry Bote, a spokesman for the state Public Utilities Commission, which regulates local phone service and could give final approval to AT&T's rate filing on Wednesday. "Other competitors have focused more on business customers."

The timing of the AT&T rate filing for Aurora is fortuitous. On Nov. 2, Denver voters will go to the polls to consider a potential 15-year renewal of the local cable TV franchise. AT&T says the renewal is necessary before it will spend money rebuilding the aging Denver cable system to provide phone and Internet service.

U S West spokeswoman Anna Osborn said Friday that the Baby Bell welcomes local phone competition, in part because it will allow U S West to offer interstate long distance service under federal law.

Currently, AT&T provides cable TV service to about 60,000 subscribers in Aurora. For the past several months, about 20 AT&T employees in the city have quietly been testing the phone-over-cable service at their homes, with engineers and company strategists monitoring the results.

AT&T officials said that while they are not yet prepared for a citywide rollout of service, any Aurora home passed by AT&T cable lines is a potential customer for its local phone service, even if the household doesn't choose AT&T's long distance or cable TV service.

Subscribing will require an AT&T installer to attach a small utility box to the home. A cable line from the street will run into the box, then the line will be split into the home. Connections can run to the phone, to the television set; and to the computer for high-speed Internet service.

Aurora residents who choose to get AT&T local and long distance phone service will get one monthly bill—the first time that has happened in Colorado since 1984, when Ma Bell was split between the AT&T long distance company and local Baby Bells like U S West.

The court-ordered breakup of Ma Bell helped spur fierce competition among long distance companies, but competition on the local level has been slow going. A 1995 Colorado law,

followed by a 1996 federal law, mandated competition in local phone service. But actual delivery of such service has been delayed by red tape, technical barriers, and finger-pointing among the Baby Bells and its competitors.

A handful of markets across the country, including Phoenix, parts of Connecticut, and Fremont, Calif., have phone-over-cable service. That has generally led to price battles with the incumbent local phone company.

It was not until AT&T bought the TCI cable company earlier this year that the phone-over-cable project gained credibility as a competitor to U S West in Colorado. AT&T has targeted 10 major metro markets for tests of local phone service, including Pittsburgh, Portland, Seattle, Chicago and Denver.